

ANNUAL REPORT 1937



WOOLWORTH BUILDING
New York

OFFICERS

| | | | | | | | | | |
|-------------------|---|---|---|---|---|---|---|---|----------------|
| J. SPENCER WEED | - | - | - | - | - | - | - | - | President |
| LANSING P. SHIELD | - | - | - | - | - | - | - | - | Vice-President |
| LOUIS C. WADMOND | - | - | - | - | - | - | - | - | Vice-President |
| SAMUEL WINOKUR | - | - | - | - | - | - | - | - | Secretary |
| THOMAS C. BUTLER | - | - | - | - | - | - | - | - | Treasurer |

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DIRECTORS

PEMBERTON BERMAN

CAXTON BROWN

RALPH T. CRANE

JOHN FOSTER DULLES

ARCHIBALD MACFARLANE

RAY MORRIS

J. SPENCER WEED

New York, N. Y.
March 1, 1938.

TO THE STOCKHOLDERS:

For the year 1937 (52 weeks) our consolidated net income amounted to \$356,571. after deducting depreciation, taxes and all other charges, an increase of 13.07%, compared with \$315,341. for the preceding year (53 weeks). Retail sales in 1937 (52 weeks) were \$30,839,432., which is 5.42% greater than in 1936 (53 weeks), when sales of \$29,255,241. were reported. These sales figures are exclusive of green coffee jobbing sales, which last year amounted to \$304,111., and \$249,959. the year before. The ratio of current assets to current liabilities is 4.90 to 1, and, as may be seen on the balance sheet, cash on hand was in excess of current liabilities.

Dividends paid in 1937 on the \$3. preference stock amounted to \$398,875. or \$2.50 a share.

Direct taxes in 1937 were \$345,000., an increase of \$135,000. over those of the preceding year. This prompts us to suggest that in the interest of your company you oppose actively and vigorously all proposals to levy discriminatory and unfair taxes against the chain store industry.

J. SPENCER WEED,
President.

THE GRAND UNION
AND ITS SUBSIDIARIES
CONSOLIDATED
At January 31, 1935

A S S E T S

Current assets:

| | | | | | | | |
|---|---|---|---|---|---|-------------------|---------------------|
| Cash on hand and in banks | - | - | - | - | - | - | \$ 930,303.07 |
| Accounts receivable: | | | | | | | |
| Trade | - | - | - | - | - | \$ 518,388.74 | |
| Miscellaneous | - | - | - | - | - | 119,821.92 | |
| | | | | | | <u>638,210.66</u> | |
| Less, Allowances for losses | - | - | - | - | - | 144,200.43 | 494,010.23 |
| Operating advances to and receivables from agents and employees | - | - | - | - | - | - | 18,099.50 |
| Inventories at costs (not in excess of market): | | | | | | | |
| Merchandise | - | - | - | - | - | 2,627,162.09 | |
| Premiums | - | - | - | - | - | 225,908.66 | |
| Supplies | - | - | - | - | - | 146,324.75 | 2,999,395.50 |
| Total current assets | - | - | - | - | - | - | <u>4,441,808.30</u> |

Investments:

| | | | | | | | |
|--|---|---|---|---|---|-----------|-----------|
| Mortgages, at costs, less \$8,201.50 allowance for losses | - | - | - | - | - | 88,715.20 | |
| Miscellaneous, at costs, less \$12,113.63 allowance for losses (market quotations not available) | - | - | - | - | - | 1,499.92 | 90,215.12 |

Real estate at market values as at various dates in 1933, per appraisals of Scott Realty Appraisal Co., plus addition of \$7,868.14 representing the net amount at which a mortgage foreclosed during 1934 was previously carried and subsequent improvements at costs

| | | | | | | | |
|--|---|---|---|---|---|-----------------|------------|
| | - | - | - | - | - | 117,270.92 | |
| Less, Allowance for depreciation of improvements | - | - | - | - | - | <u>8,783.66</u> | 108,487.26 |

Machinery, fixtures and equipment at costs, except as to \$1,366,051.20 representing revaluations as at December 31, 1932 by Board of Directors

| | | | | | | | |
|-----------------------------------|---|---|---|---|---|---------------------|--------------|
| | - | - | - | - | - | 2,724,162.06 | |
| Less, Allowances for depreciation | - | - | - | - | - | <u>1,406,469.88</u> | 1,317,692.18 |

Premium merchandise advanced to customers, at cost less cost of profit-sharing credits

| | | | | | | | |
|----------------------------|---|---|---|---|---|-------------------|------------|
| | - | - | - | - | - | 489,774.72 | |
| Less, Allowance for losses | - | - | - | - | - | <u>107,585.10</u> | 382,189.62 |

| | | | | | | | |
|--|---|---|---|---|---|---|-----------|
| Prepaid expenses, deferred charges, etc. | - | - | - | - | - | - | 86,520.93 |
| Good will | - | - | - | - | - | - | 1.00 |

\$6,426,914.41

ION COMPANY

3SIDIARIES

BALANCE SHEET

1, 1938

LIABILITIES

Current liabilities:

| | | | | | | | | | |
|--|---|---|---|---|---|---|---|----|--------------|
| Bankers' acceptances against coffee received under trust receipts | - | - | - | - | - | - | - | \$ | 63,935.12 |
| Accounts payable, trade | - | - | - | - | - | - | - | | 673,339.67 |
| Accrued liabilities: | | | | | | | | | |
| Taxes | - | - | - | - | - | - | - | \$ | 137,447.56 |
| Other | - | - | - | - | - | - | - | | 30,982.21 |
| Total current liabilities | - | - | - | - | - | - | - | | 905,704.56 |
| Employees' fidelity and other deposits | - | - | - | - | - | - | - | | 97,579.02 |
| Mortgages on real estate | - | - | - | - | - | - | - | | 10,000.00 |
| Liability to minority stockholders of dissolved subsidiary company | - | - | - | - | - | - | - | | 2,663.25 |
| Reserves: | | | | | | | | | |
| For unredeemed premium tickets | - | - | - | - | - | - | - | | 46,104.74 |
| For real estate and investments, representing excess of selling prices over net book amounts of real estate and investments sold during 1937 | - | - | - | - | - | - | - | | 31,740.75 |
| | | | | | | | | | 77,845.49 |
| | | | | | | | | | 1,093,792.32 |

Note: The company is contingently liable for approximately \$15,000 of unused balances of letters of credit.

CAPITAL

Capital stock:

| | |
|--|--------------|
| Convertible cumulative preference stock without par value, entitled to \$60 per share on redemption or in liquidation: | |
| Authorized 500,000 shares | |
| Issued and outstanding 159,550 shares of \$3 dividend series | 3,988,750.00 |

Note: After giving effect to the December 1, 1937 dividend payment, the dividends on the preference stock as at that date were in arrears \$3.87½ per share.

Common stock, par value \$1 per share:

| | |
|--|------------|
| Authorized 750,000 shares (of which 239,325 are reserved for conversion privilege attaching to preference stock) | |
| Issued and outstanding 289,617 shares | 289,617.00 |

Note: 9,000 shares of common stock are under option at \$2.50 per share (1,000 shares to May 1, 1938, and 4,000 shares for each of the years ending May 31, 1938 and 1939) out of a total of 43,200 shares reserved for issue at not less than \$2.50 per share.

Capital surplus, including \$1,500 arising in 1937 through issue of common

| | | | |
|--|--------------|--------------|-----------------------|
| stock at prices in excess of par value | \$668,242.14 | | |
| Earned surplus, as annexed | 386,512.95 | 1,054,755.09 | 5,333,122.09 |
| | | | <u>\$6,426,914.41</u> |

for the fifty-two weeks ended January 1, 1938

[illegible]

Note: No provision is considered necessary for federal surtax on undistributed net income.

for the fifty-two weeks ended January 1, 1938

| | | | | | | | |
|--|---|---|---|---|---|---|--------------|
| Balance, January 2, 1937 | - | - | - | - | - | - | \$414,047.61 |
| Net income for 1937, as annexed | - | - | - | - | - | - | 356,571.17 |
| | | | | | | | 770,618.78 |
| Dividends paid on preference stock | - | - | - | - | - | - | 398,875.00 |
| | | | | | | | \$371,743.78 |
| Add, Balances of reserves for rentals and expenses of closed stores and warehouses and deposits in closed banks appropriated in 1933 from earned surplus, no longer required | - | - | - | - | - | - | 14,769.17 |
| | | | | | | | 14,769.17 |
| Balance, January 1, 1938 | - | - | - | - | - | - | \$386,512.95 |

AUDITORS' CERTIFICATE

THE GRAND UNION COMPANY,
New York, N. Y.

We have made an examination of the consolidated balance sheet of THE GRAND UNION COMPANY and its Subsidiaries as at January 1, 1938 and of the related statements of income and surplus for the fifty-two weeks then ended. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence and obtained information and explanations from officers and employees of the companies; we also made general reviews of the accounting methods and of the operating and income accounts for the fifty-two weeks, but we did not make detailed audits of the transactions.

In our opinion, based upon such examinations, the foregoing consolidated balance sheet and related statements of consolidated income and surplus fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the fifty-two weeks under review, the consolidated position of the companies at January 1, 1938 and the consolidated results of their operations for the fifty-two weeks then ended.

LYBRAND, ROSS BROS. & MONTGOMERY

New York, February 25, 1938.

